

A young couple is shown from the chest up, smiling and looking at a tablet held by the woman. The woman has long blonde hair and is wearing a blue denim shirt and patterned leggings. The man has dark curly hair, glasses, and a beard, wearing a blue denim shirt and a straw hat. They are outdoors, with a blurred background of a building.

# Film and TV title availability in the Digital Age

A report on the U.S. availability of the most popular and critically acclaimed film and TV titles on legal digital streaming and download services

September 2014

[kpmg.com](http://kpmg.com)



cutting through complexity





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### Disclaimer:

This report was prepared by KPMG LLP at the request of NBCUniversal. KPMG's role was limited to providing this objective study. KPMG cannot and does not undertake any role that would constitute public policy advocacy or lobbying and offers no viewpoint on public policy matters related to digital content and online video distribution as a consequence of preparing this report.



# Introduction

The principal objective of this report is to help identify the digital availability of premium high quality video content – that is, the online availability of most popular and critically acclaimed film and TV titles to U.S. consumers when and where they want it.

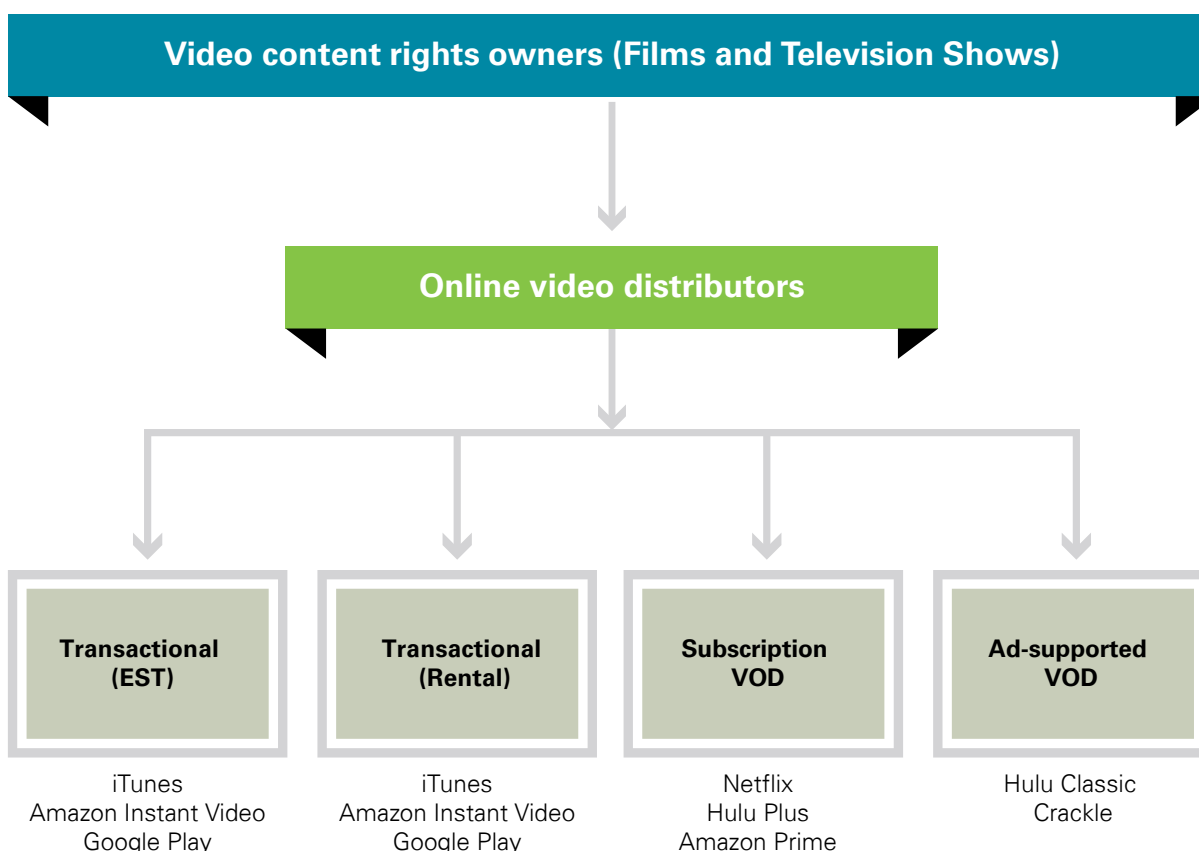
Online video on demand (online VOD) is available to consumers through multiple and diverse platforms or business models. These include transactional (electronic-sell-through and online rental), subscription video on demand, and advertising-supported video on demand.

KPMG reviewed the availability of legal long-form, most popular<sup>1</sup> and critically acclaimed film and TV titles;<sup>2</sup> and independent film titles, across 34 major **online video** distribution services.

<sup>1</sup> Most popular film and TV titles are based on highest gross box office receipts for films and highest TV ratings for television shows. Our study did not include TV shows which were exclusively available digitally. (e.g. Netflix Originals such as House of Cards). See methodology section for further explanation.

<sup>2</sup> Critically acclaimed film and TV titles are based on award winning films (Oscar 'best film' winners) and award winning TV shows (Golden Globe winning TV shows). Our study did not include TV shows which were exclusively available digitally. (e.g. Netflix Originals such as House of Cards). See methodology section for further explanation.



**Chart 1: The video on demand supply chain**

Notes: These are a few examples of distributors and not an exhaustive list  
 Source: KPMG Research & Analysis (December 2013)

To determine how widely available online film content was in the U.S., KPMG compiled lists of most popular film titles (as measured by box office success) as well as critically acclaimed titles.

We identified seven sub-samples – a total of 1,005 individual film titles – and then checked the availability of each of these film titles across 34 legal online video offerings. Since some film titles fell into more than one of the 7 sub-samples (i.e. an Oscar winner may also be a Top Box Office hit), a total of 808 unique film titles were reviewed.

KPMG investigated separately, the online availability of 60 Independent film titles. These included the top 20 highest grossing Indie films, as compiled by Indiewire, in each of the years 2011, 2012, and 2013. Once again we looked at the availability across the same 34 legal online video offerings.

To determine how widely available online TV titles were in the U.S, KPMG compiled lists of most popular TV titles (as

measured by TV ratings) and award winning TV shows. We identified six sub-samples – a total of 724 individual TV titles – and then checked the availability of each of these TV titles across the same 34 legal online video offerings.<sup>3</sup>

There are two other means by which long-form legal digital video content is provided. They are via TV Everywhere services,<sup>4</sup> and by broadcast networks providing free online catch-up TV.<sup>5</sup>

This report does not cover TV Everywhere services (services from pay-TV providers and TV channels, where authenticated access with participating TV providers to view films and TV shows online is required), nor does it cover free online catch-up TV (services from broadcast and cable networks to view a limited number of recent TV episodes at least a week after they are aired on TV channels).

*Please see the methodology section for detailed information.*

<sup>3</sup> Six legal online video services made film titles available, but not TV titles.

<sup>4</sup> TV Everywhere (TVE) – Services that allow pay TV customers to view authenticated long-form television content (live linear streams or time shifted catch-up/on-demand titles) on multiple connected devices inside or out of the home.

<sup>5</sup> Free online catch-up TV – Free TV video content that is made available online sometime after it has already been aired on a TV channel.

# Executive Summary

We found that relatively high proportions of premium high quality film and TV titles were legally available in a digital format to U.S. consumers.

This report found that **the most popular and critically acclaimed films are widely available** to anyone who has access to the Internet through dozens of **Online VOD** digital distribution services. These subscription (SVOD) platforms, paid and free (ad-supported) online (VOD) platforms, and electronic-sell-through (EST) platforms have a rapidly growing user base.

## Film Titles

- As of December 2013, KPMG found that **94 percent of the 808 unique films reviewed were available via online video on demand** distribution on **at least one of the 34** service offerings studied.
- The availability of film titles in certain sub-samples was as follows:
  - 100% of 2012 U.S. top 100 box office hits
  - 100% of all 85 Oscar winning best films
  - 100% of all 60 Indie top hit films from 2011-2013
  - 98% of U.S. top 20 box office hits each year from 2000 through 2010
  - 96% of the American Film Institute's top 100 critically acclaimed films<sup>6</sup>
  - 77% of 2013 U.S. top 100 box office hits (the year of this study)
- As of December 2013, KPMG found that **81 percent of the 808 unique films studied were available via online video on demand** distribution on **at least 10 of the 34** service offerings studied.

- The following is a breakdown of the availability of films (%) across 10 services in certain of the sub-samples studied:
  - 96% of the 2011 U.S. top 100 box office hits
  - 90% of U.S. top 20 box office hits each year from 2000 through 2010
  - 81% of the American Film Institute's top 100 critically acclaimed films<sup>6</sup>
  - 79% of all 85 Oscar winning best films
  - 77% of the 2012 U.S. top 100 box office hits
  - 71% of 2013 U.S. top box office hits (the year of this study)

## TV Titles

There was **a demonstrable high proportion of most popular and critically acclaimed TV shows available via online video on demand**.

- As of December 2013, availability of TV titles via **online video on demand** distribution on **at least one of the 34** services was as follows:
  - 96% of the top 100 U.S. TV shows in 2012 (current season episodes only)
  - 96% of modern TV hit shows (pre-2011)
  - 95% of the top 100 U.S. TV shows in 2011(current season episodes only)
  - 87% of the top 100 U.S. TV shows in 2013 (current season episodes only)

<sup>6</sup> The American Film Institute's 100 greatest American movies were selected by a panel of leaders in 2007 from across the American film community as the best films produced during the first 100 years of American filmmaking.





# Online Video on Demand

We selected relatively high samples of most popular and critically acclaimed film and TV titles, and checked their availability on legal online video distribution services.

Responding to consumer demand, SVOD has been one of the most successful digital business models, with the U.S. market leader, Netflix, reporting paid domestic members of its SVOD streaming service increasing by more than half, from 20.2 million in 2011 to 31.7 million in 2013; and Hulu Plus, the second largest distributor, reporting a trebling of paying subscribers from 1.5 million in 2011 to 5.1 million in 2013.<sup>7</sup>

This increasing market demand has prompted the introduction of new SVOD services in 2013.<sup>8</sup> These developments suggest that the U.S. consumer will continue to have expanded choice and availability of video content under SVOD.

Similarly, the EST model is experiencing success as a result of rising consumer demand. It has been reported that annual digital sales (EST sales of movies and TV shows) surpassed \$1 billion for the first time in 2013<sup>9</sup>.

Rights owners have played a part in promoting some of this success by further reducing the time it takes a film to move from theatrical release to availability for purchase on EST.

Furthermore, the proliferation of connected devices and platforms that bring legitimate online content to TV sets or enable consumers to view video content 'on the go' has helped create momentum for online transactions. Online video distributors' digital offerings are generally accessible on a wide array of connected devices and/or platforms.

The findings from this study show that 'premium high quality video content'<sup>10</sup> on online video distribution platforms appears to be widely available to U.S. consumers – movies more so than TV shows – and we do not expect this to change in the short term.

<sup>7</sup> Netflix paid members to its U.S. streaming service is reported at end of year December. In quarterly earnings reports, Netflix reported 20.2 m in 2011; 25.5m in 2012; and, 31.7 m in 2013. Hulu Plus paying subscribers as reported by Mike Hopkins, CEO on Hulu's Blog December 18, 2013, have increased from approx. 1.5 m in 2011 to approx. 3.1 m in 2012; and approx 5.1 m in 2013.

<sup>8</sup> E.g., AT&T Screenpack, Comcast Xfinity TV Store, Redbox Instant, Target Ticket, and Warner Archive

<sup>9</sup> See *Los Angeles Times*, "Digital video sales' rise breathes new life into home entertainment" (January 7, 2014)

<sup>10</sup> For the purpose of this study, 'premium high quality video content' is that which is most popular and/or critically acclaimed. See methodology section for fuller explanation.





## Availability of most popular and critically acclaimed films

Out of a sample of 808 unique film titles at the time of sampling, only 50 were not available on any of the 34 online video offerings. This includes film titles that were released in theaters after September 27, 2013, and therefore not expected to be available online until after the exclusive theatrical and non-theatrical exhibition window had expired. If we exclude these then only 27 of those film titles were not available online.

Based on our experience, we believe that the 27 film titles unavailable online included titles where the rights owners did not make these films available online; or were titles where complicated rights between various rights owners (e.g. film distributors, producers, and music companies) needed to be negotiated and cleared before such film titles could be made available in a digital format.

In terms of the most popular film titles – all of the 2012 top 100 U.S. box office hits; 99% of the 2011 top 100; 98% of the top 20 in each of the years 2000 to 2010; and, 92%

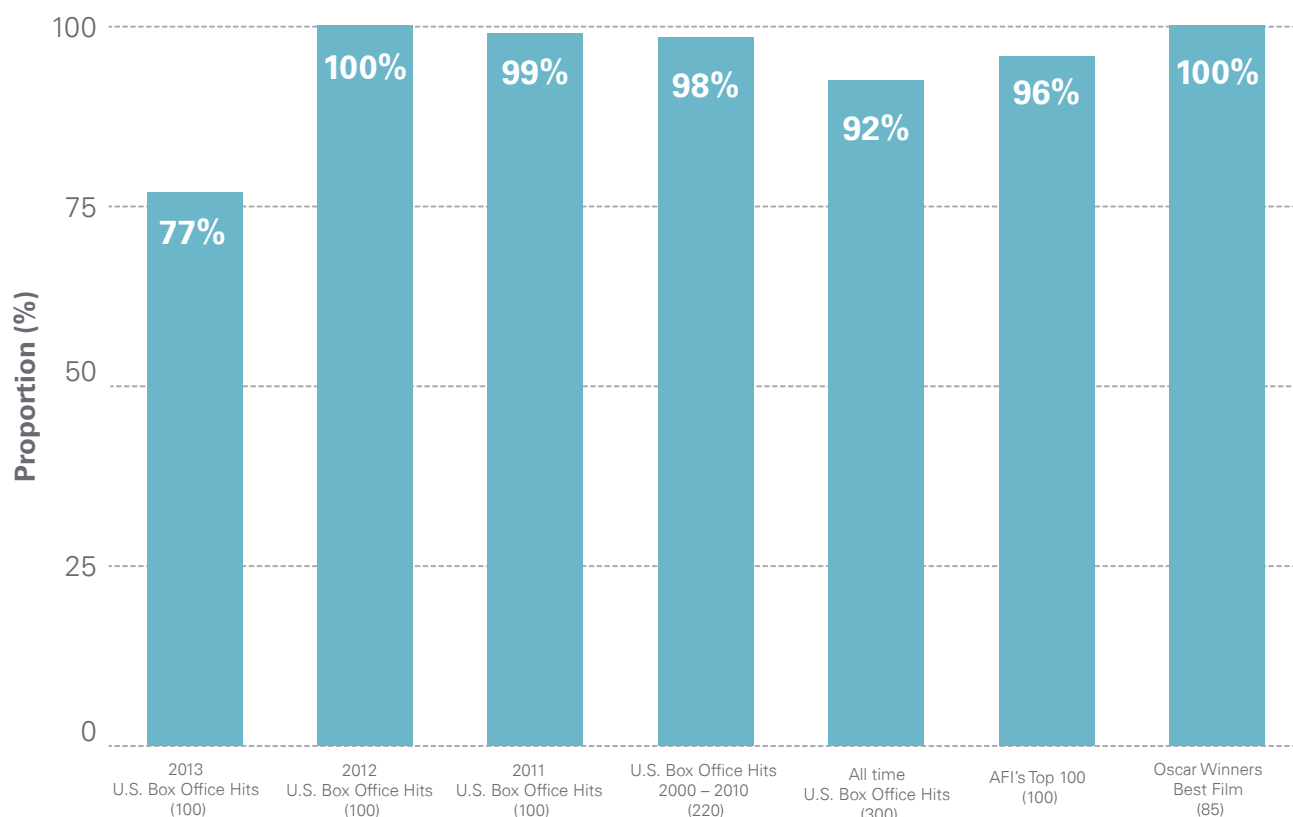
of the all time U.S. box office hits were available **on at least one** online video distribution service at the end of 2013 (October – December 2013).

In terms of critically acclaimed film titles – all of the Oscar winners for ‘best film’ and 96% of the American Film Institute’s top 100 films were available **on at least one** online video distribution service at the end of 2013.

The seven sub-samples shown below were selected to represent the most popular and critically acclaimed film titles. There were, inevitably, films that appeared in more than one of the sub-samples. For example, Ben Hur (1959) was an Academy Award ‘best film’ winner, appeared in the American Film Institute’s (AFI) list of top 100 films, and was one of the 300 ‘All time box office hits.’<sup>11</sup>

When film titles that appeared in more than one sub-sample were excluded, the total sample of unique films was 808, of which 94% were available on at least one of the 34 online video offerings reviewed.

**Chart 2: Proportion of the most popular and critically acclaimed film titles available on at least one of the 34 U.S. online video distribution services as of December 2013**



Source: KPMG Research & Analysis (December 2013)

Notes: The seven sub-samples shown above were selected to represent the most popular and critically acclaimed film titles. The online availability of all 1,005 film titles were reviewed. There were, inevitably, films that appeared in more than one of the sub-samples. When we excluded all such films that appeared in more than one sub-sample, KPMG's total sample of unique films was 808. The numbers in brackets depict the number of individual film titles in the sub-sample.

<sup>11</sup> The list of 'All time U.S. box office hits' was compiled after KPMG adjusted gross box office hits to take account of inflation. See methodology section for further details.

### Availability across multiple platforms

It does not appear that this breadth of online availability of the most popular and critically acclaimed film titles was limited to one or a few online video distributors.

In terms of the most popular film titles – 71% of the 2013 top 100 U.S. box office hits; 77% of the top 100 in 2012; 96% of the top 100 in 2011; 90% of the top 20 in each of the years 2000 to 2010; and 77% of the all time U.S. box office hits were available **on at least 10** of the 34 online video distribution services at the end of 2013.

In terms of critically acclaimed film titles – 79% of the Oscar winners for ‘best film’ and 81% of the American Film Institute’s top 100 films were available **on at least 10** of the 34 online video distribution services at the end of 2013.

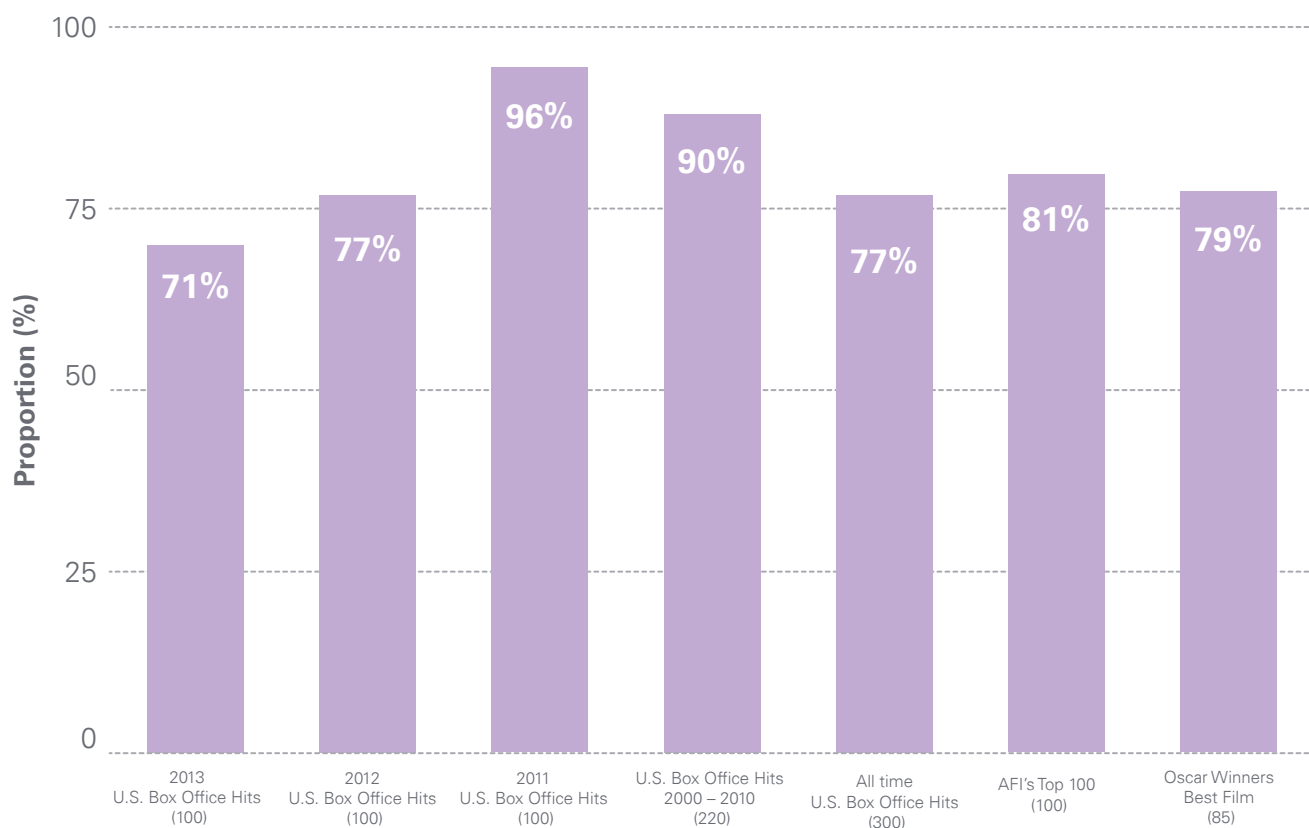
When all film titles that appeared in more than one sub-sample were excluded, 81% of 808 unique film titles were available on at least 10 of the 34 online video offerings we researched.

We found that the majority were available on the two online transactional models: 94% were available on EST and 77% via online rental.

A relatively low proportion of the most popular and critically acclaimed films were offered under the SVOD model (16%) and fewer still under the advertising-supported VOD model (3%).

A number of Multichannel Video Programming Distributors (MVPDs) provided films on an online SVOD basis (as opposed to via TV Everywhere or through the set-top box) to their pay-TV subscribers. We found that 9% of the most popular and critically acclaimed film titles were offered via SVOD by MVPDs.

**Chart 3: Proportion of the most popular and critically acclaimed film titles available on at least 10 of the 34 U.S. online video distribution services, as of December 2013**

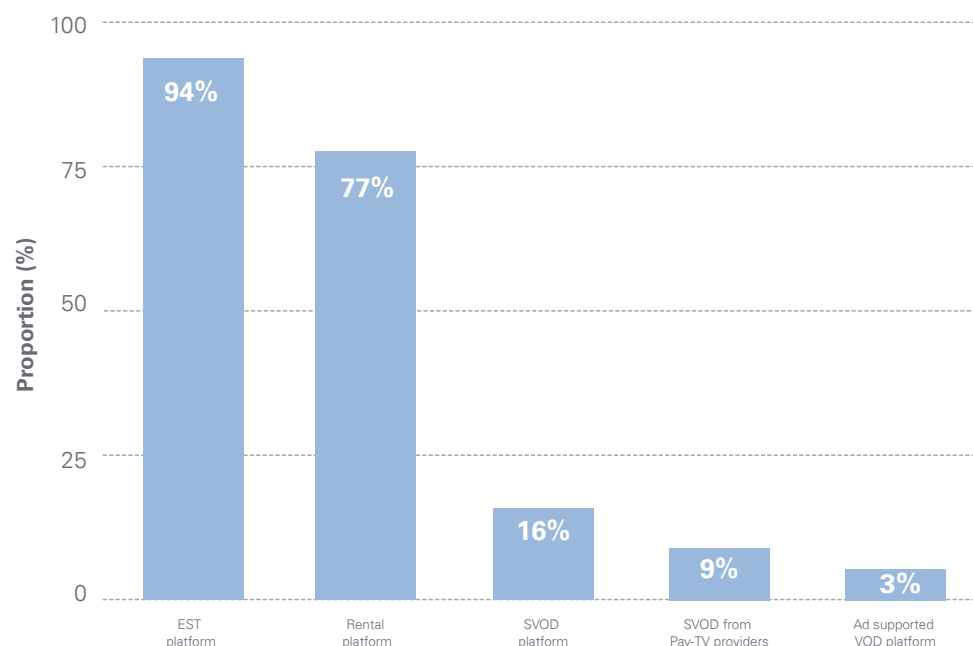


Source: KPMG Research & Analysis (December 2013)

Notes: The seven sub-samples shown above were selected to represent the most popular and critically acclaimed film titles. The online availability of all 1,005 film titles were reviewed. There were, inevitably, films that appeared in more than one of the sub-samples. When we excluded all such films that appeared in more than one sub-sample, KPMG's total sample of unique films was 808. The numbers in brackets depict the number of individual film titles in the sub-sample.



**Chart 4: Proportion of most popular and critically acclaimed film titles (1,005 titles) available on at least one of the 34 U.S. online video distribution services by business model, as of December 2013**



Source: KPMG Research & Analysis (December 2013)

Notes: The sample of 1005 most popular and critically acclaimed film titles was made up of the top 100 U.S. box office hits of each of the years 2011, 2012, and 2013 (300 titles); plus the top 20 U.S. box office hits from each year from 2000 to 2010 (220 titles); plus the All time top 300 U.S. box office hits, inflation adjusted (300 titles); plus the AFI's top 100 critically acclaimed films (100 titles); plus the 85 Academy award winners for 'Best Films' (85 titles) – see Methodology section for further details.

### The Evolution of Online Availability of Popular Films on Electronic-sell-through (EST)

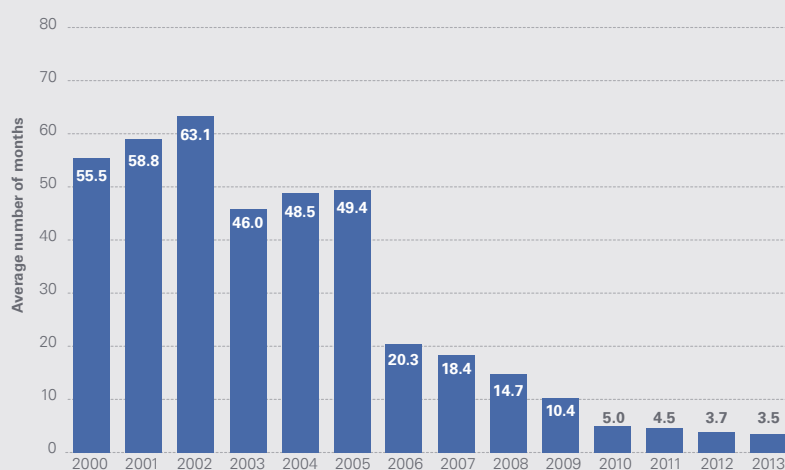
We examined historical patterns on the average number of months from a popular film's theatrical release to availability for purchase on EST.

To encourage consumers to own a digital copy of a film, in late 2012 a number of the leading studios and film distributors began to offer consumers the ability to purchase, via EST, a digital version of a film earlier than before, and weeks before the physical release.<sup>12</sup>

In conjunction with this business practice, the emergence of Apple's iCloud<sup>13</sup> and Ultraviolet<sup>14</sup> via its cloud-based system for digitally accessing movies have helped make the digital ownership and portability of films easier.

The chart shows the average number of months from theatrical release to availability for purchase on EST for film titles theatrically released between 2000 and 2013. It shows that this time period has been decreasing, with the average number of months before films are available for digital purpose moving toward three months<sup>15</sup>.

**Chart 5: Average number of months from theatrical release before a film is available on EST**



Source: KPMG Research & Analysis (December 2013)

<sup>12</sup> The physical copy being a DVD or DVD Blu-ray.

<sup>13</sup> The initiative is to synchronize purchases of digital content across devices seamlessly and give Apple the ability for a joined-up ecosystem.

<sup>14</sup> Most of the major studios and other distributors support the DECE consortia and its Ultraviolet initiative. Ultraviolet is intended to make it easier for consumers to buy rights to premium content digitally, with the keys to that content held in a personal digital locker, and able to be unlocked on a range of device platforms.

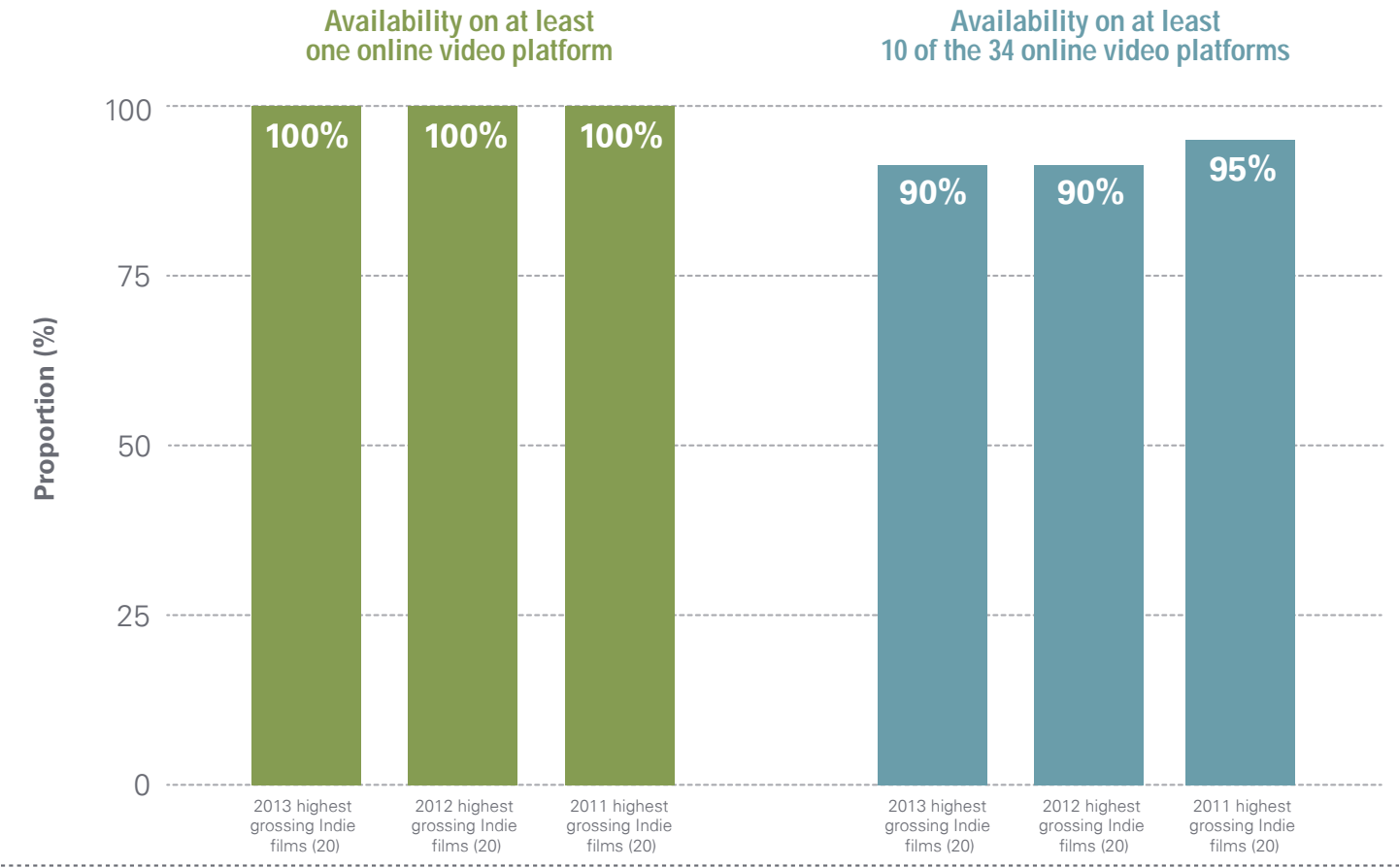
<sup>15</sup> See methodology section for details on the study and the approach taken.

Availability of independent films

All 60 highest grossing Indies of 2011 to 2013 were available **on at least one** online video distribution service as at March 2014.

90% of the top 20 highest grossing Indies in 2013; 90% of the top 20 highest grossing Indies in 2012; and, 95% of the top 20 highest grossing Indies in 2011, were available **on at least 10** of the 34 online video distribution services as of March 2014.

Chart 6: Proportion of Independent film titles (60 titles) available on at least one and on at least 10 of the 34 online video distributors, as of March 2014



Source: KPMG Research & Analysis (March 2014)  
Notes: The sample of 60 Independent film titles was made up of the 20 highest grossing Indie films in each of the years 2011, 2012, and 2013, as compiled by Indiewire



## Availability of most popular and critically acclaimed TV titles

Out of a sample of 724 TV titles, 618 TV titles were available on the 34 online video distribution services we reviewed.<sup>16</sup>

From a list of top 100 U.S. TV shows in 2013, we found that 87% of TV titles (current season episodes only) were available on at least one online video distribution service.

In terms of the most popular TV titles from other years, we found that 96% of top TV shows in 2012; 95% of top TV shows in 2011; and 96% of pre-2011 modern TV hits were available on at least one of the 34 online video distribution services reviewed at the end of 2013.<sup>17</sup>

In terms of critically acclaimed TV titles, 72% of Golden Globe TV winners and 62% of Emmy TV winners were available on at least one of the 34 online video services we reviewed.

In conducting this research, we found that there were instances when a TV season was only partially available online (i.e., not all the episodes of a TV season were made available).

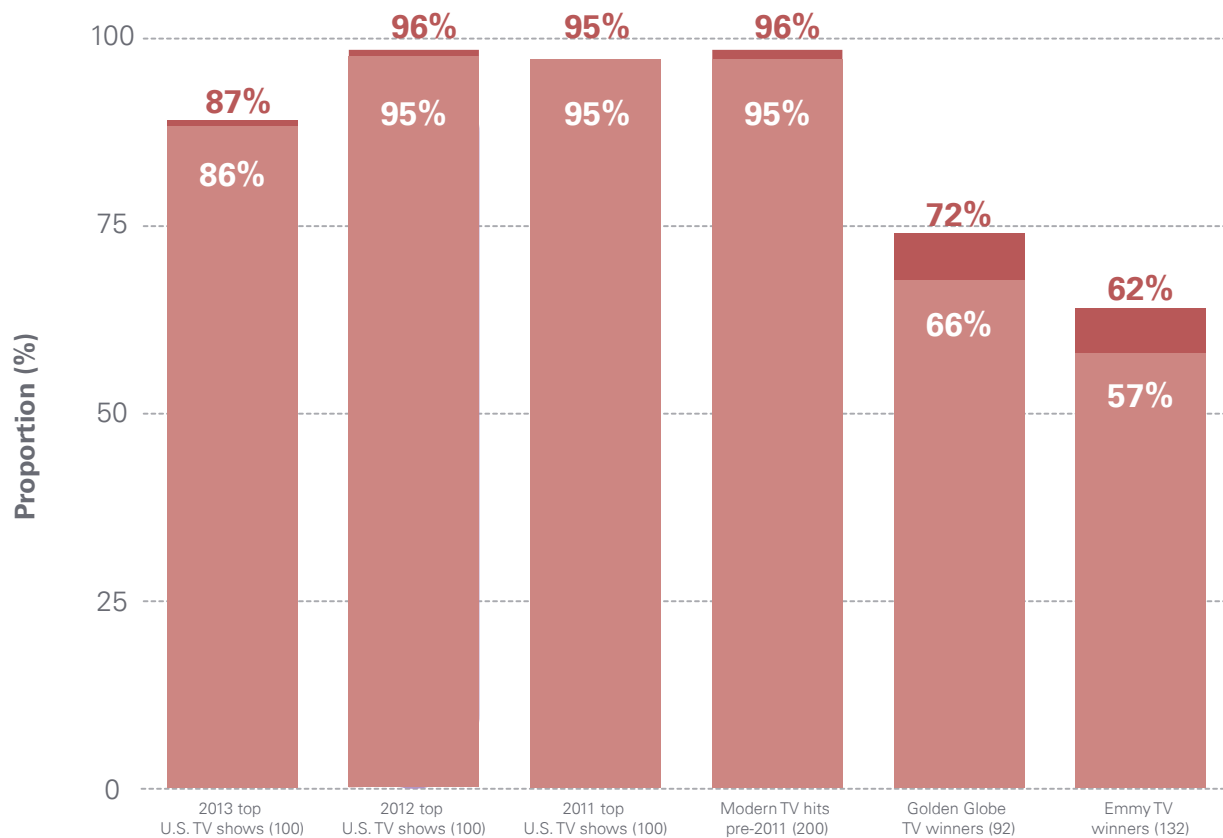
A majority of the TV shows were made available in full season packages. However when we accounted for those instances when all the TV episodes (complete TV series) were available, we found that the proportions were slightly lower for most popular TV titles but much lower for the critically acclaimed titles.

Of top 100 U.S. TV shows in 2013, we found that 86% of complete TV series/titles were available on at least one online video distribution service.

In terms of the most popular TV titles from other years, we found that 95% of complete top TV shows/series in both 2012 and 2011, as well as 95% of complete TV shows/series of pre-2011 modern TV hits were available on at least one of the 34 online video distribution services we reviewed at the end of 2013.

In terms of critically acclaimed TV titles, 66% of Golden Globe TV winners and 57% of Emmy TV winners complete TV series were available on at least one of the 34 online video offerings.

**Chart 7: Proportion of the most popular and critically acclaimed TV titles (724 titles) available on at least one U.S. online video distribution service, as of December 2013**



Source: KPMG Research & Analysis (December 2013)

Notes: The percentages for each sub-sample shown in white in the chart are for availability of **complete** TV series/titles.

The percentages for each sub-sample shown in red in the chart are for availability of **partial** TV series/titles.

The numbers in brackets depict the number of individual TV titles in the sub-sample. The online availability of all 724 TV titles were reviewed.

<sup>16</sup> TV title is defined as the whole season of a TV series or TV program when only one TV show is made.

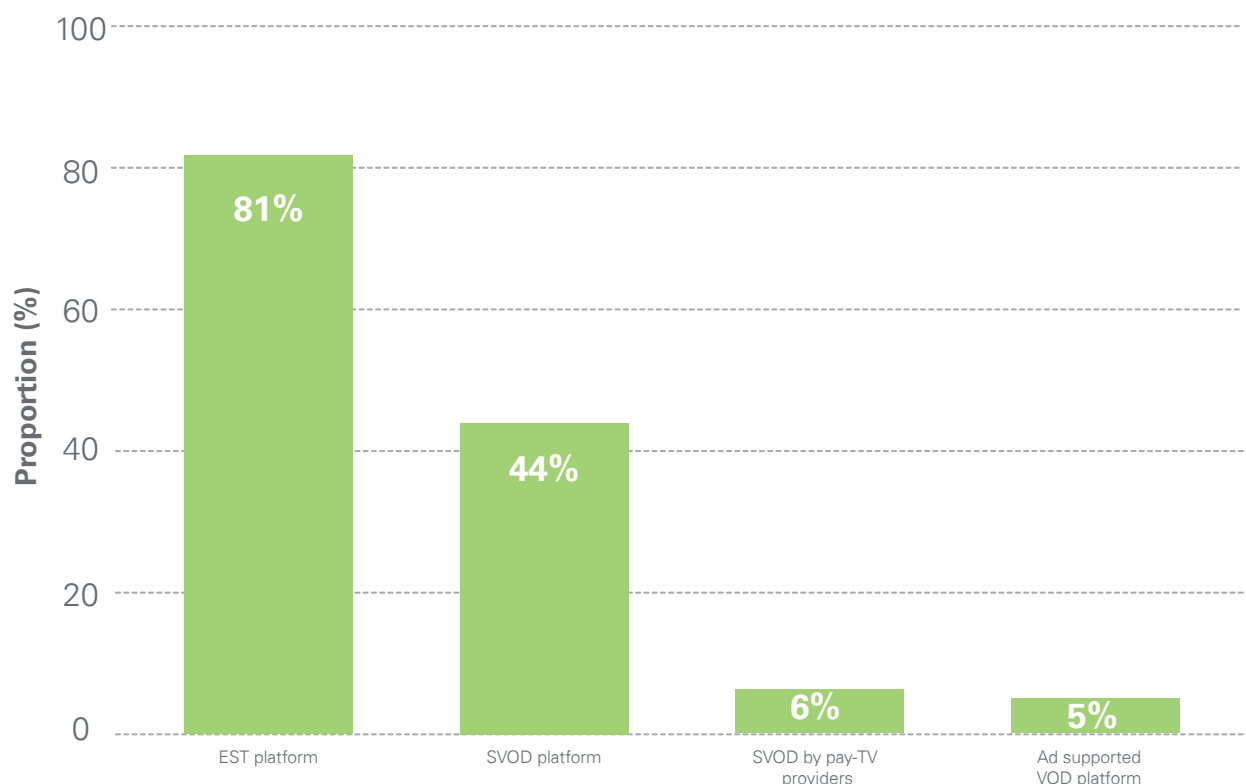
<sup>17</sup> See methodology section for fuller details.

### Availability across business models

The highest proportion of the most popular and critically acclaimed TV titles by business model was via the EST platform (81%). The next highest availability was under the SVOD model, where we found that 44% of the 724 TV titles were available.

With the exception of just two TV titles out of 724, our findings suggest that digital copies of TV shows are not widely available via online rental, either as individual episodes or as entire TV series. The reason for limited availability of TV shows on an online rental basis appears to be that it is not economical for consumers to rent a single TV episode or TV season when compared to the alternative of buying the TV season via EST.

**Chart 8: Proportion of most popular and critically acclaimed TV titles (724 titles) available on at least one of the U.S. online video distribution services by business model, as of December 2013**



Source: KPMG Research & Analysis (December 2013)

Notes: The sample of 724 most popular and critically acclaimed TV titles was made up of top100 TV hits of each of the years 2011, 2012, and 2013 (300 titles); plus 200 top TV hits pre-2011; plus 92 Golden Globe award winners; plus 132 Emmy award winners – see Methodology section for further details.

SVOD platform includes offerings by Amazon Prime Instant Video, Hulu Plus, Netflix, and Warner Archive Instant. SVOD by pay-TV providers includes offerings by AT&T U-verse Screenpack, Comcast Xfinity Streampix, and Verizon Redbox Instant.





# Methodology

## Our Approach

Fieldwork for this report was conducted between October 2013 and March 2014. KPMG undertook primary research, looking up the availability of most popular and critically acclaimed film and TV titles between October 2013 and December 2013. The research on the availability of 'Independent' film titles was conducted in March 2014.

We have not updated the report for events or circumstances arising after those dates.

In preparing our report, we undertook a structured program of research based on a combination of primary and secondary research. In order to broaden our secondary research, we did not rely on one single source, nor did we report statistics published by any single third party information provider. Our approach was to report KPMG original analysis or KPMG estimates based on multiple sources or consensus trends. All methodologies in producing this underlying data are explained in this section.

The information presented in our report is consistent with other information which was gathered, collated, and synthesized in the course of our research work. We have not, however, sought to establish the reliability of the public domain sources or third party information providers by reference to other evidence.

Our report makes reference to "KPMG Research & Analysis;" this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

## Definitions and reference

KPMG researched the supply of legal long-form digital content (film and TV titles) in the video industries made available by a number of online video distributors under different business models. The description of each of the models is provided below:

Sector		Description	U.S. Examples
Online Video on Demand	<b>Electronic sell through – EST (purchase)</b>	Number of titles and transaction through EST platforms where consumers pay for a permanent ownership of a digital copy and/or with unlimited access via a digital locker	<b>iTunes, Amazon Vudu, Microsoft</b>
	<b>Paid online VOD (rental)</b>	Number of titles and transaction through paid online VOD platforms where consumers pay for a digital copy to watch within a certain time period on a temporary basis	<b>iTunes, Amazon Vudu, Microsoft</b>
	<b>Free Online VOD (Ad supported)</b>	Number of titles and transaction through free online VOD platforms where consumers can watch content for free (with advertisements)	<b>Hulu, Crackle, Popcornflix</b>
	<b>Subscription online VOD (SVOD)</b>	Number of titles and transaction through subscription online VOD platforms where consumers pay a subscription fee to access video content on an ongoing manner	<b>Netflix, Redbox Instant, Hulu Plus</b>

Note: On-demand content accessed through the set-top-box for viewing on the TV set has been excluded from this study. In addition, the online video distribution sectors illustrated above do not include the set-top box based pay-per-view and VOD offerings provided by the MVPDs to pay-TV subscribers.

There are two other means by which legal long-form digital video content is provided; via **TV Everywhere services** and by broadcast networks providing **free online catch-up TV**.

This report does not cover TV Everywhere services (services from pay-TV providers and TV channels, where authenticated access with participating TV providers to view films and TV shows online is required), nor does it cover free online catch-up TV (services from broadcast networks to view a limited number of recent TV episodes at least a week after they are aired on TV channels).

### Primary research on the availability of most popular and critically acclaimed films

In researching the availability of online film title content in the U.S., KPMG compiled lists of most popular film titles as measured by box office success (highest gross box office revenue receipts), and critically acclaimed titles (as defined below). We identified seven sub-samples (see chart below) – a total of 1,005 individual film titles – and then confirmed the availability of each of these film titles across 34 legal online video offerings from 20 different online video distributors in the U.S. The seven sub-samples of film titles were made up in the following way:

<b>Most popular recent Film releases – hits of 2013 (100 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 100 feature films – top 100 U.S. box office hits in each of 2013</li> </ul>
<b>Most popular recent Film releases – hits of 2012 (100 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 100 feature films – top 100 U.S. box office hits in each of 2012</li> </ul>
<b>Most popular recent Film releases – hits of 2011 (100 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 100 feature films – top 100 U.S. box office hits in each of 2011</li> </ul>
<b>Most popular Film releases from the recent past (220 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 220 feature films – top 20 U.S. box office hits in each of the years from 2000 to 2010</li> </ul>
<b>Most popular Film releases of all time (300 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 300 – top 300 U.S. box office hits of all time (inflation adjusted box office receipts)</li> </ul>
<b>Critically Acclaimed Films (100 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 100 films – includes American Film Institute's top 100 films</li> </ul>
<b>Critically Acclaimed Films (85 titles)</b>	<ul style="list-style-type: none"> <li>Sample of 85 films – includes all 85 of Academy of Motion Picture Arts and Sciences Awards (Oscar winners) for Best Film</li> </ul>

Note: Lists of top box office hits in the US were obtained from BOXOFFICE Media, LLC. (Variety Magazine).

KPMG's database of 1,005 individual film titles and their availability on 34 different online video service offering includes information on theatrical release dates and Studio/Distributor (Majors and Independents)



When KPMG excluded all such films that appeared in more than one sub-sample, KPMG's total sample of unique films was 808.

#### Primary research on the availability of Independent Film titles

KPMG investigated separately, the online availability of 60 Independent (Indie) film titles. These included the top 20 highest grossing Indie films as compiled by Indiewire, in each of the years 2011, 2012, and 2013. Once again we looked at the availability across 34 legal online video offerings from 20 different online video distributors in the U.S.

#### Primary research on the availability of most popular and critically acclaimed TV titles

In determining how readily available online TV titles were in the U.S., KPMG compiled lists of most popular TV titles (as measured by TV ratings) and award winning TV shows. We identified six sub-samples— a total of 724 individual TV titles – and then confirmed the availability of each of these TV titles across 34 legal online video offerings from 20 different online video distributors in the U.S. The six sub-samples of film titles were made up in the following way:

##### 2013 Currents – top TV shows on Broadcast and Cable Networks (100)

- Sample of 100 TV programs from 2013 – top 40 shows on Broadcast Nets; Top 40 shows on Basic Cable Nets; Top 20 shows on Premium Cable Nets (These lists were compiled from Nielsen ratings L7 ranked on total viewers. Excluding repeats, specials, movies, news and sports, reality live events, and programs with less than three telecasts)

##### 2012 Currents – top TV shows on Broadcast and Cable Networks (100)

- Sample of 100 TV programs from 2012 – top 40 shows on Broadcast Nets; Top 40 shows on Basic Cable Nets; Top 20 shows on Premium Cable Nets (These lists were compiled from Nielsen ratings L7 ranked on total viewers. Excluding repeats, specials, movies, news and sports, reality live events, and programs with less than three telecasts)

##### 2011 Currents – top TV shows on Broadcast and Cable Networks (100)

- Sample of 100 TV programs from 2011 – top 40 shows on Broadcast Nets; Top 40 shows on Basic Cable Nets; Top 20 shows on Premium Cable Nets (These lists were compiled from Nielsen ratings L7 ranked on total viewers. Excluding repeats, specials, movies, news and sports, reality live events, and programs with less than three telecasts)

##### Modern TV Hits – Pre 2011 (200)

- Sample of 200 – this list was compiled from a combination of top 100 TV shows ranked on Internet Movie database ([www.imdb.com](http://www.imdb.com)) and top 10 regularly scheduled primetime drama and sitcom broadcast, cable, and premium network TV programs

##### Critically Acclaimed – Golden Globe winners (92)

- Sample of 92 TV programs – includes the 92 Drama and Comedy Golden Globe winners from 1969/70 TV Season to 2012/13

##### Critically Acclaimed – Emmy TV winners (132)

- Sample of 132 TV programs – includes Drama, Variety, and Comedy TV show Emmy award winners from 1970–2013

Notes: Lists of top rated TV shows in the US were obtained from Nielsen ratings

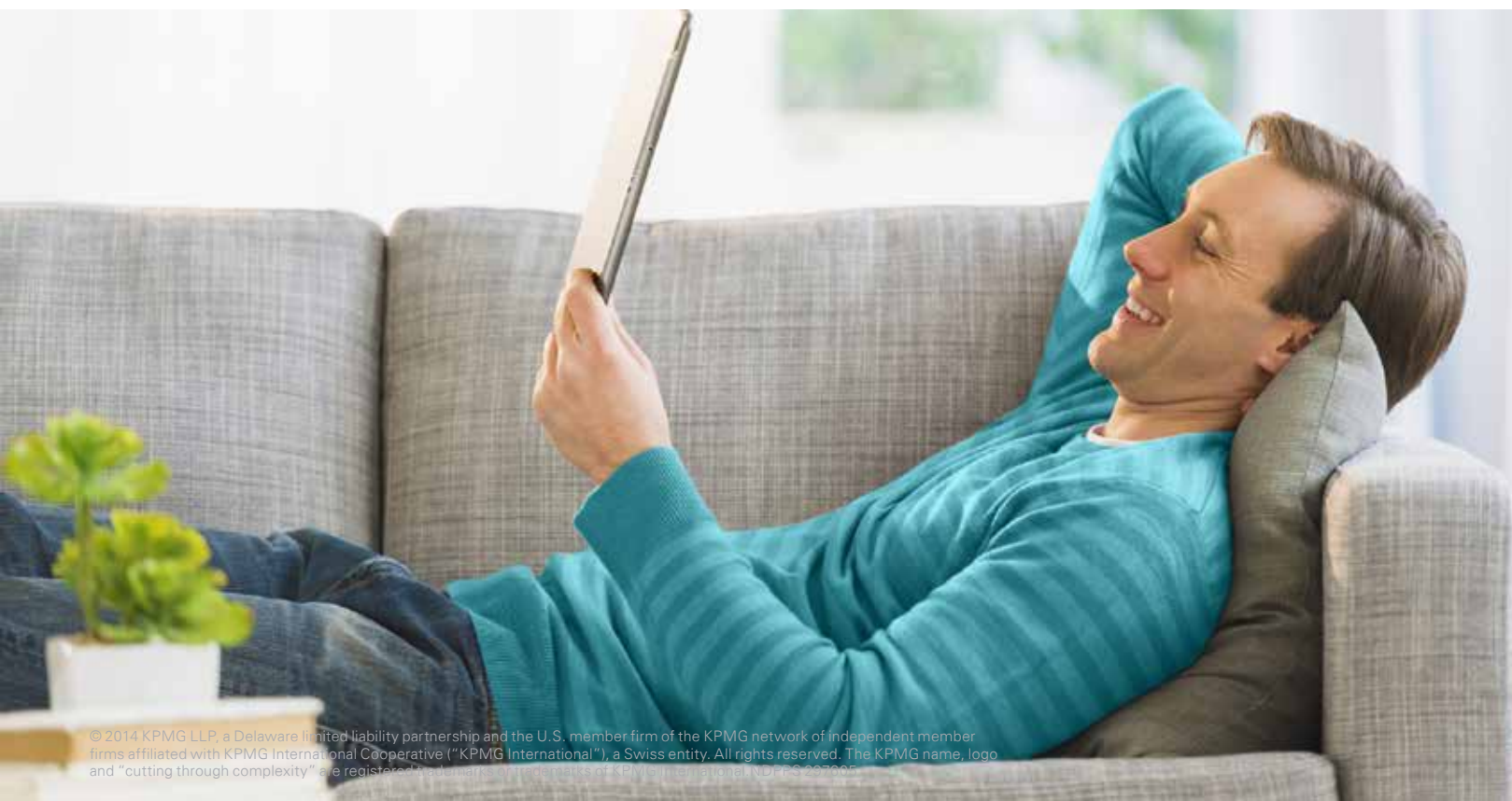
KPMG's database of 724 individual TV titles and their availability on 34 different online video offerings includes information on year of first airing

### Checking the availability on online video distributors

The 34 legal online video offerings from 20 different online video distributors included in our sample are listed below by each of the business models:

<b>Electronic sell-through (purchase) (11)</b>	<b>Paid online VOD (rental) (12)</b>	<b>Free Online VOD (Ad supported) (4)</b>	<b>Subscription online VOD (4)</b>
<ul style="list-style-type: none"> <li>• Amazon Instant Video</li> <li>• CinemaNow</li> <li>• Google Play</li> <li>• iTunes</li> <li>• MGO</li> <li>• Playstation Store</li> <li>• Redbox Instant</li> <li>• Sony Entertainment Network</li> <li>• Walmart Vudu</li> <li>• Xbox Live Marketplace</li> <li>• YouTube</li> </ul>	<ul style="list-style-type: none"> <li>• Amazon Instant Video</li> <li>• Blockbuster</li> <li>• CinemaNow</li> <li>• Google Play</li> <li>• iTunes</li> <li>• MGO</li> <li>• Playstation Store</li> <li>• Redbox Instant</li> <li>• Sony Entertainment Network</li> <li>• Walmart Vudu</li> <li>• Xbox Live Marketplace</li> <li>• YouTube</li> </ul>	<ul style="list-style-type: none"> <li>• Crackle</li> <li>• Crunchyroll</li> <li>• Hulu</li> <li>• Popcornflix</li> </ul>	<ul style="list-style-type: none"> <li>• Amazon Prime Instant Video</li> <li>• Hulu Plus</li> <li>• Netflix</li> <li>• Warner Archive Instant</li> </ul>
			<b>Subscription online VOD from MVPDs* (3)</b> <ul style="list-style-type: none"> <li>• AT&amp;T U-verse Screenpack</li> <li>• Comcast Xfinity Streampix</li> <li>• Verizon Redbox Instant</li> </ul>

Notes: \*MVPDs offer a host of "On Demand" films and TV shows, available on TV (via TV Everywhere services, and through the set-top-box) and online (EST, online rental, or subscription video on demand) under their sub-brands. For this study, KPMG's scope of work was to look up the availability of digital content on online services only (TV Everywhere and content through the set-top-box are not assessed in this paper)



### Secondary research on the availability of Film and TV titles via online VOD

To broaden our secondary research, a number of information sources were used to gather data and information about historic trends in online VOD services, and the quantity of video content in terms of the number of film and TV titles.

The data and information we used in this report was not from one single source. We do not report statistics published by any single third party information provider. Our approach was to corroborate data and information and report KPMG research & analysis or KPMG estimates based on multiple sources or consensus trends. All methodologies are explained in this section of the report.

Our report makes reference to “KPMG Research & Analysis”; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented. We do not accept responsibility for the underlying data.

### Primary research on the average number of months from theatrical release to availability for purchase on EST for film titles theatrically released between 2000 and 2013

In the absence of publicly accessible data on historical availability dates of film titles for purchase on EST, KPMG identified an online video distributor that provided available all consumer reviews related to a particular film title on its website. All reviews of the films include the reviewer’s username, the date on which the review was posted, and the product type purchased by the reviewer. An analysis of the posted reviews allowed KPMG to identify the first review, chronologically, posted by a user who purchased a digital version of the film. The “first review” of the product purchased in digital format was then used as a proxy for the date on which the movie first became available for purchase on EST.

KPMG used this methodology to collect data for all 2000 to 2010 films in the database and for a random sample of 20 films for 2011, 2012, and 2013<sup>19</sup>. A simple linear regression of number of months from release to availability on year of release shows that the downward trend from 2010 to 2013 is statistically significant at the 95% confidence interval<sup>20</sup>. An additional robustness check on the downward trend was an analysis of the median number of months from theatrical release to availability for purchase on EST. The findings above were confirmed, with the median decreasing from four months in 2010 to 3.5 months in 2013.

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<sup>19</sup> We used a random sampling technique to select the 2011, 2012, and 2013 films in order to avoid the possibility of selecting movies that are somehow correlated in terms of time between theatrical and online release. For example, random sampling helps to avoid the possibility of systematically choosing films from the same studio, something that would may the results as films released by the same studio may have a similar time between theatrical and online release

<sup>20</sup> Given the significantly higher box office gross for 2010 film titles in the sample (due to the fact that all 2010 films in the sample are top 20 box office films while the 2011 to 2013 films are a random sample of top 100 box office titles), the regression controlled for box office gross. Controlling for total box office gross, the regression produced a t-statistic of -2.5 on the variable of interest, year of release.





# Glossary

**Authentication** – A process used by content owners and MVPDs to verify a pay TV user’s credentials (via user accounts, unique customer IDs, etc) before allowing access to view TV Everywhere long-form video content through connected devices

**Ad-Supported Video on Demand** – A media distribution business model that provides online access to video content free-of-charge in return for viewers seeing intermittent advertisements as they stream content

**Box Office Hits** – The popularity of films as measured by: Total cinema gross ticket revenue sales for films screened commercially at theaters

**Catch-up content** – TV video content that is made available online sometime after it has already been aired on a TV channel

**Connected Device** – Device with in-built connections to the Internet that enable users to access web hosted content or information. These devices usually augment traditional forms of content delivery. Examples include smartphones, tablets, gaming consoles and TV sets

**Digital Locker** – A cloud-based or a non-cloud based system for storing content online – to be later retrieved from any device over the Internet

**Electronic-Sell-Through (EST)** – A media distribution business model whereby consumers pay a one-time fee to download a piece of digital content for permanent storage and viewing

**Golden Globe Awards** – An annual media award presented by the members of the Hollywood Foreign Press Association (HFPA) recognizing excellence in film and television, both domestic (US) and foreign

**Independent (Indie) Film** – A film produced without the creative or financial input from any of the major U.S. Studios (Walt Disney Studios Motion Pictures, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, and Warner Bros. Entertainment Inc.)

**Long Term Evolution (LTE)** – A wireless broadband standard that is typically marketed as 4G mobile services and provides higher speed of Internet access compared to 3G

**Linear Programming** – Traditional TV programming where the user watches content as per a fixed schedule (scheduled TV programming) and has no control over the content being shown (other than being able to change channels)

**Long form video content** – Professional video content that runs over a specific duration (typically 20-30 minutes or longer) such as a full-length feature film or a full episode of a TV show. Excludes trailers, short clips, and user-generated content

**Live Online Streaming** – The streaming of video content through the Internet at the same time that the content is being aired on TV

**Majors** – Refers to MPAA member film studios including their subsidiaries (e.g. including Focus (NBCU) and Screen Gems (Sony Pictures))

**Motion Picture Association of America** – MPAA member film studios include: Walt Disney Studios Motion Pictures, Paramount Pictures Corporation, Sony Pictures Entertainment, Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, and Warner Bros. Entertainment Inc.

**Multichannel Video Programming Distributor (MVPD)** – also referred to as pay-TV provider. These include cable, satellite, and telecom operators retailing pay-TV video services to U.S. households

**Non-Theatrical Exhibition** – Screenings of films in a non-traditional cinema environment such as film societies, community groups, village halls, etc. to specific members; not advertised generally to the public

**Online In-Home viewing** – The ability for consumers to stream video content to connected devices within their own homes using the same Wi-Fi network that connects the pay TV operator’s set-top-box

**Online Out-of-Home Viewing** – The ability for consumers to stream video content to connected mobile devices from outside their homes, using any Wi-Fi network or cellular network (in some cases, out of home viewing is possible only on specific cellular networks, depending on the arrangements between the pay TV operators and the cellular operators)

**Online Rental** – A media distribution business model whereby consumers pay for a digital copy of a movie/TV show through the Internet and view it on a temporary basis. The content is available on the users’ device for playback within a stipulated period after purchase and expires after a stipulated period from the time playback begins

**Pay-TV operator** – also referred to as MVPD. These include cable, satellite, and telecom operators retailing pay-TV video services to US households





**Premium Cable Networks** – Cable networks (such as HBO, Cinemax, Starz, Showtime etc.) that encrypt their signals to restrict viewership to only those subscribers who pay an additional monthly subscription fee

**Release Windows** – The period of time after the primary release (theatrical release for movies and network runs for TV shows) that content distributors must adhere to before releasing movies/TV shows to extended delivery platforms such as DVDs, pay TV, VOD

**Subscription Video on Demand (SVOD)** – A media distribution business model whereby consumers sign-up and pay a monthly fee to access a certain amount of video content online. Examples of providers include Netflix, Hulu Plus, and Amazon Prime Instant Video

**Second Screen** – A phenomenon that allows users to supplement traditional consumption of video content (on the television) by allowing them to stream such content over the Internet onto a connected device such as a laptop, smartphone, tablet, gaming console, etc.

**Transactional Video on Demand** – A video-on-demand business model, whereby consumers pay to access video content (movies/TV shows) only after making a one-time payment. After paying the one-time fee, users can either be allowed to own the piece of content permanently (EST) or view it on a temporary basis (online rental)

**TV Everywhere (TVE)** – Services that allow pay TV customers to view authenticated long-form television content (live linear streams or time shifted catch-up/on-demand titles) on multiple connected devices inside or out of the home

**Video on Demand (VOD)** – A service that allows consumers to view video content at their convenience. Unlike traditional linear programming, users can pause, rewind and fast-forward content to suit their preferences. VOD services can be accessed through the traditional set-top-box for viewing on the TV set, or through the Internet for viewing on a wide array of connected devices



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